



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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UTAH DIVISION OF OIL, GAS AND MINING
FACSIMILE COVER SHEET

DATE: 6-3-98
FAX#: 702-356-8917
ATTN: CLAYTON CHAPPEL
COMPANY: McClelland Labs.
DEPARTMENT: _____
NUMBER OF PAGES: (INCLUDING THIS ONE) 4
From: RALPH HARDEN

If you do not receive all of the pages, or if they are illegible, please call (801)538-5340.
We are sending from a sharp facsimile machine. Our telecopier number is (801)359-3940.

MESSAGES:

As Per our Phone conversation
Thank You,
RALPH HARDEN

Important: This message is intended for the use of the individual or entity of which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

June 3, 1998

Sent By FAX to:

Clayton Chappell
McClelland Laboratories, Inc.
1016 Greg Street
Sparks, Nevada 89431
phone (702) 356-1300
fax (702) 356-8917

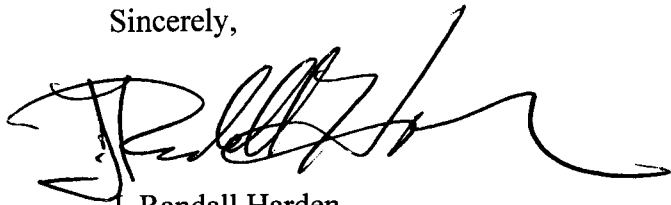
J. Randall Harden, Sr. Reclamation Engineer
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
phone (801) 538-5285
fax (801) 359-3940

Dear Mr. Chappell:

Attached is an Invitation to Bid for laboratory analysis of the samples to be collected by Western States Minerals Corporation. Due to delays through our purchasing process, I am asking that you complete the attached invitation to bid and reply by fax at your earliest convenience. As soon as I receive your Bid I will be forwarding the information to our purchasing department for evaluation and authorization.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Randall Harden', with a long, sweeping horizontal stroke extending to the right.

J. Randall Harden
Sr. Reclamation Engineer

SUPPLEMENT TO FORM DP-5 SOLE SOURCE REQUEST

AGENCY REQUESTING AUTHORIZATION: Division of Oil, Gas and Mining

ITEMS TO BE PURCHASED:

TESTING, Laboratory Analysis-

Attached is a Bid Sheet for laboratory analysis of mine materials taken from a cyanide gold heap leach operation at the Drum Mine near Delta, Utah. The work consists of preparation and analysis of materials sampled from cyanide heap leach pads, overburden waste materials and ponds used for the mining operations. The number of samples and the parameters to be analyzed are as specified on the attached Bid Sheet, the Total Amount will be adjusted based on the Unit Cost for each sample in the event that the number of samples actually analyzed differ from the number of samples indicated on the Bid Sheet. Three copies of the lab reports are required plus one additional copy of the analysis is to be provided on diskette.

APPROXIMATE COST: \$

Attached is a completed Bid Sheet from the Recommended Vendor.

RECOMMENDED VENDOR OR CONTRACTOR:

Clayton Chappell
McClelland Laboratories, Inc.
1016 Greg Street
Sparks, Nevada 89431
phone (702) 356-1300
fax (702) 356-8917

SOLE SOURCE STATUS DETERMINED AS FOLLOWS:

The Division of Oil, Gas and Mining (DOGM) is in the process of characterizing an abandoned mine site for reclamation which is planned to be conducted this summer. DOGM has reached an Agreement (attached) with Western States Minerals Corporation, wherein DOGM is required to conduct laboratory analysis of mine waste material. Western States Minerals Corporation has collected the samples from the mine site near Delta and is currently holding the samples for analysis in Reno, Nevada. Because the sample size requires that each sample weigh approximately 125 pounds, the total weight of the samples is estimated at 2,750 pounds and would require additional shipping costs if an alternate lab site could be found to conduct the analysis.

McClelland Laboratories, Inc. is a Reno based lab which is familiar with and has conducted previous samples of mine waste materials from the Drum Mine site. Western States Minerals Corporation has used McClelland Laboratories in the past and has highly recommended them to complete the analysis for these samples.

Due to the complex nature of the analysis required, familiarity with the sampling and testing procedures is essential to ensure reliable test results. Further, specific tests included in the suite of analysis are specific to the requirements of the Nevada Division of Environmental Protection who have prescribed a standard for analysis of these materials known as the Meteoric Water Mobility Procedure (MWMP) Profile II, Bureau of Mining Regulation and Reclamation, Nevada Division of Environmental Protection, DOGM has chosen to adopt these testing procedures because Utah regulations are not specific to the standards and requirements for mine leach dump reclamation.

Neither DOGM nor Western States Minerals Corporation know of any local labs which are familiar to the specific analysis requirements for these samples. In order to complete the analysis in a timely manner that will allow for completion of the site characterization and the reclamation of the mine by the end of this year, DOGM is recommending that McClelland Laboratories, Inc. be used as a sole source vendor for these tests.